

**SENATE FISCAL AGENCY
MEMORANDUM**



DATE: April 4, 2007

TO: Senator Tony Stamas, Chair
Senator Tom George
Senator Bill Hardiman
Senator Michelle A. McManus
Senator Jim Barcia
Senator Glenn S. Anderson
Senator Liz Brater

FROM: Ellen Jeffries, Deputy Director

RE: Michigan Tuition Grant Program

The Michigan Tuition Grant Program was created by Public Act 313 of 1966 to "*foster the pursuit of higher education by resident students enrolled in independent nonprofit colleges or universities in the state*". In the 2005-06 academic year, there were approximately 111,800 students attending Michigan's independent colleges and universities. In the 2005-06 academic year, there were 41,500 students at independent institutions who received a Michigan Tuition Grant.

Eligibility

The Michigan Higher Education Assistance Authority (MHEAA) in the Michigan Department of Treasury administers the Tuition Grant Program. A student is eligible to receive a Tuition Grant if he or she:

- Resides in Michigan continuously for the preceding 12 months;
- Has financial need as determined by the MHEAA;
- Is registered in an independent college or university in Michigan; and
- Maintains satisfactory academic progress in college.

The MHEAA uses the Uniform Federal System for determining financial need for Michigan Tuition Grants. This means that in order to qualify for a Tuition Grant, a student must complete the Free Application for Federal Student Aid (FAFSA). Satisfactory academic progress is defined by the college or university in which the student is enrolled.

Grant Amount

Pursuant to law, a Tuition Grant may not exceed the amount of tuition and fees for the full academic year, and a student is eligible for a grant for up to 10 semesters of undergraduate education, up to six semesters of graduate education, and up to eight semesters of dental education. If there are not sufficient appropriated funds to provide each student with the grant amount for which the student is eligible, the MHEAA is required to establish a maximum grant level for that year. As a matter of practice, at least during the last 20 years, the MHEAA has annually established a grant maximum. A 20-year history of those maximum award amounts, as well as State appropriations, is displayed in Table 1.

As Table 1 indicates, the FY 2006-07 State appropriation for Tuition Grants is \$58,768,100 and the maximum grant amount is \$2,100. Approximately 93.0% of the Tuition Grant dollars are spent on undergraduate students and 7.0% on graduate or dental students. Attachment A outlines the number of Tuition Grant awards and the total award amount for each institution for FY 2005-06, the most recent year for which data is available.

Table 1

History of Tuition Grants: Maximum Awards and State Appropriations		
Fiscal Year	Maximum Award	State Appropriation
1985-86	\$2,100	\$39,990,400
1986-87	2,350	41,889,800
1987-88	2,400	45,260,600
1988-89	2,400	50,611,200
1989-90	2,200	46,746,100
1990-91	2,150	49,272,100
1991-92	2,150	50,467,300
1992-93	2,025	50,467,300
1993-94	1,900	50,467,300
1994-95	1,975	51,981,300
1995-96	2,172	53,540,700
1996-97	2,300	56,217,800
1997-98	2,450	57,791,900
1998-99	2,500	59,121,100
1999-2000	2,550	61,072,100
2000-01	2,700	65,142,600
2001-02	2,750	70,438,100
2002-03	2,300	66,078,100
2003-04	2,000	64,768,100
2004-05	2,000	61,768,100
2005-06	2,000	58,768,100
2006-07	2,100	58,768,100

The State's other major scholarship program is the State Competitive Scholarship Program. State Competitive Scholarships are need-based awards for students who score well on the ACT. The cutoff score for academic year 2006-07 is a summary score of 90 and the maximum award is \$1,300. Students who receive State Competitive Scholarships may attend either a public or an independent postsecondary institution. A student may not receive both a State Competitive Scholarship and a Tuition Grant, but if a student is awarded a State Competitive Scholarship and that student attends an independent college, his or her State Competitive Scholarship of \$1,300 may be supplemented with Tuition Grant funds of \$800 to reach the Tuition Grant maximum of \$2,100.

In the first four budgets presented by Governor Granholm, the Tuition Grant Program was recommended for either consolidation or elimination but the Legislature subsequently restored the Program, albeit at a lower funding level. The Tuition Grant Program was reduced by \$3.0 million in FY 2004-05 and by an additional \$3.0 million in FY 2005-06.

For FY 2007-08, the Governor again recommended the elimination of the Tuition Grant Program's \$58.8 million line-item. On April 3, 2007, the House Higher Education Subcommittee restored Tuition Grant funding as part of its FY 2007-08 budget recommendation.

Please let me know if you have any questions or would like additional information.

/kjh

Attachment A

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Michigan Tuition Grants FY 2005-06				
Institution	Direct Awards	Direct Award Amount	Competitive Scholarship Awards	Supplemental Amount
Adrian College	405	\$739,652	148	\$98,126
Albion College	386	718,775	465	311,382
Alma College	381	703,238	405	273,501
Andrews University	271	468,527	44	28,000
Aquinas College	672	1,120,330	293	191,070
Ave Maria College	7	12,046	5	3,500
Baker College	14,381	19,147,378	286	151,696
Calvin College	408	743,888	665	450,793
Cleary University	170	231,768	3	1,866
College for Creative Studies	436	752,317	92	57,637
Concordia University	225	394,482	64	43,657
Cornerstone University	839	1,335,004	221	143,613
Cranbrook Academy of Art	16	32,000	0	0
Davenport University - All Locations	6,636	7,828,630	129	65,768
Finlandia University	302	524,852	49	31,800
Grace Bible College	58	106,500	15	8,681
Great Lakes Christian College	95	172,743	11	6,857
Hillsdale College	84	155,734	106	71,929
Hope College	454	821,069	674	449,254
Kalamazoo College	74	137,174	263	180,275
Kettering University	308	544,080	435	277,912
Kuyper College	100	166,674	32	20,300
Lawrence Technological University	749	1,196,196	222	139,958
Lewis College of Business	189	269,885	0	0
Madonna University	1,230	1,784,586	76	47,594
Marygrove College	850	1,353,752	5	2,550
Michigan School of Professional Psych.	42	76,083	0	0
Michigan Jewish Institute	21	36,529	5	3,500
Northwood University	893	1,440,220	163	104,820
Olivet College	659	1,218,788	75	48,151
Rochester College	358	568,327	31	19,250
Sacred Heart Major Seminary	9	13,750	0	0
Siena Heights University	724	1,108,278	79	49,050
Spring Arbor University	1,352	2,023,986	259	168,906
University of Detroit - Dental College	192	375,676	0	0
University of Detroit Mercy	1,576	2,392,944	226	149,405
Walsh College	390	378,495	12	2,599
Subtotals	35,942	\$51,094,356	5,558	\$3,603,400
Grand Total Tuition Grants: Awards and Funding			41,500	\$54,697,756